

Message Text

CONFIDENTIAL

PAGE 01 TOKYO 07144 01 OF 02 222153Z
ACTION EA-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-10
L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15 ICA-11
ACDA-12 IO-13 EB-08 NRC-05 OES-07 SOE-02 DOE-15
CEQ-01 AID-05 CEA-01 COME-00 INT-05 OMB-01 STR-07
TRSE-00 EUR-12 FRB-03 NEA-10 OPIC-03 LAB-04
SIL-01 AGRE-00 CAB-02 DOTE-00 FAA-00 /183 W
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R 220435Z APR 78
FM AMEMBASSY TOKYO
TO SECSTATE WASHDC 7319

C O N F I D E N T I A L SECTION 01 OF 02 TOKYO 7144

E.O. 11652: GDS
TAGS: ENRG, OECD, JA, EAIR, ETRD
SUBJECT: KATZ BILATERAL DISCUSSIONS WITH GOJ

1. FOLLOWING IS SUMMARY OF BILATERAL DISCUSSIONS BETWEEN
ASSISTANT SECRETARY KATZ AND VARIOUS GOJ OFFICIALS PRIOR
TO THE CONVENING OF THE IEA GOVERNING BOARD 35TH
SESSION IN TOKYO, APRIL 12-13.

2. DEPUTY FOREIGN MINISTER HIROMICHI MIYAZAKI,
APRIL 10, 1145 AM--FOR A GENERAL TOUR D'HORIZON.

3. MITI ENERGY AGENCY DIRGEN TOSHIKAZU HASHIMOTO,
APRIL 10, 2:30 P.M. -- KATZ BRIEFED HASHIMOTO ON THE
NATURAL GAS PRICING AND THE CRUDE OIL EQUALIZATION
TAX ISSUES HOLDING UP PASSAGE OF THE ENERGY BILL.
HE SAID THERE IS A REASONABLE CHANCE OF RESOLVING THESE
ISSUES BY THE END OF APRIL, AS THE PRESIDENT WISHES.
KATZ RESPONDED TO JAPANESE CONCERNS THAT THE US IS
KEEPING ITS OWN OIL IN-GROUND (UNECONOMICAL, SINCE
COMPANIES WANT TO REALIZE RETURN ON HEAVY DEVELOPMENT
INVESTMENTS AS SOON AS POSSIBLE), AND THE STRATEGIC
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PAGE 02 TOKYO 07144 01 OF 02 222153Z

STOCKPILE PROGRAM (CURRENT GLUT AFFORDS OPPORTUNITY
FOR SUBSTANTIAL PURCHASES AT STABLE PRICES WITHOUT
SERIOUSLY IMPACTING ON MARKET.)

HASHIMOTO DESCRIBED JAPAN'S ENERGY PROGRAM. HE EXPRESSED
SOME CONCERN OVER PRICE INCREASES RESULTING FROM
TIGHTENING SUPPLY/DEMAND SITUATION IN THE FUTURE. HE

CONCLUDED BY ASKING FOR STATE DEPARTMENT SUPPORT FOR PROPOSAL THAT JAPAN PRE-PAY FOR URANIUM ENRICHMENT SERVICES. KATZ MADE NO COMMENT ON THE REQUEST (CF TOKYO 6L67).

4. MITI BASIC INDUSTRY BUREAU DIRGEN NAOHIRO AMAYA, APRIL 10, 3:20 PM -- DISCUSSION CENTERED ON US PROPOSAL FOR AN INTERNATIONAL STEEL ARRANGEMENT, AND THE JAPANESE RESERVATIONS REGARDING IT. THIS IS COVERED MORE FULLY IN TOKYO 6824.

5. MOFA ECONOMIC AFFAIRS BUREAU DIRGEN REISHI TESHIMA, APRIL 10, 4:30 PM -- DISCUSSION CONCERNED MTN AND DIFFERENT WAYS IN WHICH JAPANESE OFFERS VIEWED. TESHIMA ARGUED THAT JAPANESE CUTS ARE EQUIVALENT TO, OR SLIGHTLY DEEPER THAN US CUTS (3.9 PERCENT VS 3.7 PERCENT), AND THAT SUCH EQUIVALENCY IS OBJECTIVE OF THE EXERCISE, WHICH SHOULD NOT BE RELATED TO THE PROBLEM OF THE CURRENT ACCOUNT SURPLUS. KATZ INSISTED THAT THE MTN EXERCISE IS RELATED TO THE CURRENT ACCOUNT SURPLUS PROBLEM, SINCE TARIFF REDUCTIONS WOULD HELP BRING ABOUT THE STRUCTURAL CHANGES NEEDED FOR ITS LONG TERM SOLUTION, AND THAT THUS JAPANESE OFFERS SHOULD BE GENEROUS. HE SAID THAT UNLESS JAPAN'S OFFERS ARE IMPROVED, THE US MIGHT CONSIDER WITHDRAWING ITS OWN OFFERS. BOTH AGREED THAT JULY WAS STILL THE TARGET DATE, BUT ADMITTED THAT A GRAINS AGREEMENT REMAINED A MAJOR HURDLE. KATZ SAID HE IS CONFIDENTIAL

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PAGE 03 TOKYO 07144 01 OF 02 222153Z

HOPING TO WORK OUT SOMETHING WITH GUNDELACH. THEY ALSO AGREED THAT THE MTN AND THE TRADE BALANCE SITUATION WILL BE RAISED AT FUKUDA-CARTER SUMMIT.

6. MOFA UN BUREAU DIRGEN YOSHIO OKAWA, APRIL 11, 10:30 AM -- OKAWA NOTED THAT WITH COMMON FUND TALKS STALLED, IT IS ESPECIALLY FORTUNATE THAT "WE GOT SOMETHING ON DBET" AT THE MARCH UNCTAD TDB MINISTERIAL. KATZ SAID THAT AT THE MOMENT, NO BASIS EXISTS FOR RESUMPTION OF GENERAL COMMON FUND NEGOTIATIONS. BILATERAL AND SMALL GROUP MULTILATERAL TALKS WOULD BE NECESSARY TO "PRE-COOL" THE NEXT PLENARY ROUND. OKAWA SAID THAT JAPAN NEEDS TO SHOW THAT IT "SHARES THE ASPIRATIONS" OF ASEAN COUNTRIES WHICH ARE STRONGLY INTERESTED IN THE COMMON FUND. HIS DEPUTY KOBAYASHI ADDED THAT JAPAN IS CONSIDERING A "MINIMAL" ASSESSED CONTRIBUTION FOR THE FUND FROM UNCTAD MEMBERS. KATZ ACKNOWLEDGED THAT ASEAN COUNTRIES HAVE PARTICULAR LEGITIMATE INTEREST IN BUFFER STOCK ARRANGEMENTS, AND SAID IT WOULD BE UNFORTUNATE IF A COMMON FUND PACKAGE IS NOT WRAPPED UP AT UNCTAD V IN 1970. OKAWA AGREED, BUT SAID THAT SUCCESS IS UNCERTAIN.

7. DEPUTY FOREIGN MINISTER MASUO TAKASHIMA, APRIL 11, 11:00 AM -- DURING A BRIEF COURTESY CALL, TAKASHIMA TOLD KATZ THAT HE HAD FULLY BRIEFED THE PRIME MINISTER ON THE FAILURE OF THE MARCH CIVAIR TALKS, AND THAT HE DID NOT EXPECT FUKUDA TO PURSUE THE MATTER IN ANY DETAIL WITH THE PRESIDENT. KATZ RESPONDED THAT THE PRESIDENT, HOWEVER, MIGHT FEEL IT NECESSARY TO INDICATE TO THE PRIME MINISTER THE IMPORTANCE THE US ATTACHES TO LOW AIR FARES. IN DISCUSSING A LIST OF TOPICS TO BE COVERED AT THE SUMMIT MEETINGS, KATZ MENTIONED THAT DURING THE PRESIDENT'S RECENT TRIP TO LATIN AMERICA, HE HAD CALLED ON THIRD WORLD COUNTRIES TO TAKE MORE RESPONSIBILITY FOR THEIR OWN

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PAGE 01 TOKYO 07144 02 OF 02 220504Z
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R 220435Z APR 78
FM AMEMBASSY TOKYO
TO SECSTATE WASHDC 7320

C O N F I D E N T I A L SECTION 02 OF 02 TOKYO 07144

DEVELOPMENT, PARTICULARLY IN INTERNATIONAL ECONOMIC FORMS. THE RESPONSE BY LATIN AMERICA GOVERNMENTS APPEARED TO HAVE BEEN FAVORABLE. TO KATZ' INQUIRY ABOUT PROGRESS ON THE PEACE AND FRIENDSHIP TREATY WITH THE PRC, TAKASHIMA SAID THAT THE LDP WAS STILL TRYING TO QUIET OPPOSITION IN ITS OWN RANKS BEFORE PUSHING AHEAD. MANSFIELD

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